

Millennium Challenge Corporation's Global Food Security Implementation Plan



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Millennium Challenge Corporation (MCC) Overview

The MCC transforms lives and creates opportunity by partnering with the best-governed poor countries to reduce poverty through economic growth. MCC, an independent U.S. Government agency, provides development assistance through a competitive selection process to countries that demonstrate positive governance and social and economic performance. MCC's partner countries, informed by economic analysis and in consultation with civil society and the private sector, develop programs (compacts) to address their most significant barriers to economic growth and poverty reduction. Decisions are based on hard data and rigorous analysis, and the results are monitored, measured, and publicly shared.

Since 2004 and as of March 2016, MCC has signed 32 compacts with 26 countries totaling \$9.56 billion¹ of obligated funds. Twenty-two of these compacts have included substantial food security-related investments, which account for roughly half of MCC's obligated funds, with additional agricultural-related programing in Niger expected to be obligated before the end of FY 2017. These investments include the rehabilitation and expansion of large-scale irrigation systems; rehabilitation and construction of farm to market roads and ports; building post-harvest infrastructure; reforming policies, laws, and institutions to increase security of land rights and improve land administration and management; training farmers', fishers' and producers' organizations; increasing access to finance; and improving nutrition and sanitation. Countries are responsible for implementing the MCC-funded programs with strict oversight of procurements and disbursements, as well as strict requirements for comprehensive monitoring and evaluation as measured by independent evaluators.

Technical, Programmatic, and/or In-kind Contributions to the Global Food Security Strategy

MCC takes an integrated, market-led approach to addressing the key constraints to food security, including strengthening agricultural and rural economies and promoting reliable access to sufficient, safe, and affordable food in the countries where it invests. In addition, MCC's leadership and technical expertise in infrastructure and urban planning projects, including farm to market roads and other key transportation links, will allow MCC to continue to address food security issues in a time of shifting demographics from rural to urban areas.

Prior and ongoing programs provide a foundation for MCC's contribution to the Global Food Security Strategy through the country-owned model. Examples of current MCC interventions aimed at strengthening food security in the developing world include:

- In Indonesia, the \$129.5 million *Community-Based Health and Nutrition Project* (2013-2018) integrates sanitation, maternal and child health, and nutrition interventions in order to reduce stunting. The project partners with the World Bank, using incentives-based community grants to increase demand for health, nutrition, and education services, and improves the health sector's capacity to respond at the facility and community level. This aligns directly with IRs 7 and 8 and

CC IR 6 of the Food Security Results Framework.

- Also in Indonesia, the \$332.5 million *Green Prosperity Project* (2013-2018) improves land use practices and expands supply and access to renewable energy, thereby increasing agricultural productivity and reducing land-based greenhouse gas emissions. This aligns directly with IR 4 and CC IR 2 of the Food Security Results Framework.
- In Zambia, over a million people are projected to benefit from improved city drainage, water and sanitation, and water sector reform. The expected benefit of the \$310.6 million *Water Supply, Sanitation, and Drainage Project* (2013-2018) is decreased water-related disease and productive days lost due to disease and time to collect water. This aligns with IRs 5, 6 and 9 as well as CC IR 2 of the Food Security Results Framework.
- In Morocco, the \$33 million Rural Land Activity under the *Land Productivity Project* (signed but not entered into force) aims to increase rural productivity by streamlining the process for privatizing collective lands, while making it more inclusive and more protective of the rights of land holders, including women. In addition, the \$10.5 million Land Governance Activity will support legal, policy, and institutional reforms that will improve the investment environment for investment in agriculture and food security. This project aligns directly with IR 1 and CC IR 5 as part of the Food Security Results Framework.
- In Niger, the \$254.6 million *Irrigation and Market Access Project* (signed but not entered into force) is designed to improve irrigation in order to increase crop yields, sustainable fishing, and livestock productivity. The project will also upgrade road networks to improve access to markets and services, provide technical support for farmers—with a focus on women and youth—to improve performance of their businesses, and establish market platforms to competitively position farmer groups in the marketplace. This aligns directly with IRs 1, 2 and 3 and CC IRs 4 and 6 of the Food Security Results Framework.
- Also in Niger, the \$96.5 million *Climate-Resilient Communities Project* (signed but not entered into force) aims to increase incomes for small-scale agriculture-dependent and livestock-dependent families in rural areas by improving crop and livestock productivity, sustaining natural resources critical to long-term productivity, and increasing market sales of targeted commodities. The project will be implemented in partnership with the World Bank. This aligns directly with IRs 1 through 6 of the Food Security Results Framework.
- Under the Threshold Program in Sierra Leone, the \$16 million *Water Sector Reform Project* (2016-2020) improves access to reliable and safe water and sanitation (WASH) services through water sector reform, improved utility management and efficiency, and improved WASH practices at the household level. The anticipated result is increased productivity related to lower direct and indirect health costs for firms and households, aligning with IR 9 and CC IR 6 of the Food Security Results Framework.

As MCC continues to develop and implement projects furthering its food security objectives, the agency will coordinate with partners and ensure alignment and contribution to the Food Security Results Framework. The extent to which we will be able to report on the projects/activities will be determined once the indicators have been developed for the strategy.

Organization and Structure

Country-driven project development and implementation is one of MCC's guiding principles. MCC's partner countries develop compact proposals to address their most significant barriers to economic

growth and poverty reduction. Compact development begins with an analysis of the constraints to economic growth in conjunction with an initial gender and social inclusion assessment and an investment opportunity assessment, as well as consultations with civil society and the private sector. Compacts are implemented through a Millennium Challenge Account established by the partner country and overseen by a local Board of Directors.

Technical expertise at MCC resides within practice groups, led by a Senior Director. The practice groups that will have the most responsibility for implementing this strategy include Agriculture and Land, which includes property rights and land policy; Human and Community Development, which includes nutrition and health; Gender and Social Inclusion; Water, Sanitation, and Irrigation; Transportation and Vertical Structures; Finance, Investment, and Trade; and Monitoring and Evaluation. Recognizing that there is no “one size fits all” solution to food security, each MCC compact is supported by the appropriate mix of technical staff. This team oversees the projects from development to implementation and monitoring to ensure target outcomes are optimized. MCC also evaluates the impact of its investments after the compact has closed.

Impact and Sustainability

MCC has and will continue to strive to maximize the impact and sustainability of its food security-related investments by—first and foremost—prioritizing country ownership. Beneficiary countries are responsible for generating results and sustaining them. To ensure the capacity of partner countries to deliver long-term results from projects, MCC’s interventions will maintain focus on strengthening local institutions that are responsible for operating and maintaining compact-financed infrastructure post-compact, as well as investments in behavior change among impacted community members. With regards to food security this may include:

- Strengthening water-use associations and producers’ organizations as part of irrigated agriculture projects;
- Partnering with the private sector to encourage investment in targeted value chains, including through commercial co-financing to establish cooperatively owned and managed processing plants;
- Strengthening the capacity of local and national land administration institutions for more efficient and inclusive land allocation and improved security of land rights to ensure sustained incentives of rights-holders to invest in and benefit from their land; and
- Establishing a national fund to assure routine maintenance of farm-to-market roads.

As in the past, MCC will consider the donor landscape in the countries where it invests and work collaboratively with other USG agencies to ensure complementary investments. As the development of a second compact in the Philippines advances, MCC will collaborate and learn from the on-going efforts of USAID, USDA/FAS and the Peace Corps which are supporting activities that a second MCC compact may be able to expand.

Furthermore, MCC investments are designed with a specific program logic that includes, from the outset, an identification of the appropriate indicators by which to monitor and evaluate success. MCC commits

to the continued monitoring and evaluation of food security-related project outputs and outcomes to allow for course correction, measurement of impacts, as well as generation of lessons and sharing of best practices. Our indicators are and will continue to be consistent with USG food security metrics. MCC's evaluations are shared openly here: <https://data.mcc.gov/evaluations/index.php/catalog>.

The impacts of MCC's investments in food security include the following:

- Agriculture and irrigation projects in 16 compacts which have trained over 270,000 farmers, brought 170,000 hectares under improved irrigation and 42,000 hectares under improved agricultural practices, and distributed over \$87 million of agricultural and rural loans to more than 1,000 borrowers. While impact evaluations conducted shortly after compact closure do not capture the full benefits, the following impacts have been recorded:
 - A project in Nicaragua designed to increase the value added and productivity of farms by providing technical and financial assistance has shown a 15 to 30 percent increase over baseline farm income.
 - Evaluation of the Fruit Tree Productivity Project in Morocco found a 7.8% increase in olive production and a 4% increase in olive value chain revenues during a three year period, and estimated a job creation effect of 4,000 to 5,000 direct jobs annually.
- Land projects and activities in 13 compacts leading to the adoption of 121 legal and regulatory reforms, formalizing land rights for over 300,000 households, as well as commercial and other legal entities, and mediating over 12,000 conflicts. Completed evaluations for these activities have revealed:
 - For Mongolia's Peri-Urban Rangeland Project implemented around the three major urban centers, some early evidence of project effects on herder behavior have been measured by shifts in herd composition toward improved breed milking cows and complementary reduction in percentage of goats, reduced herd size, reduced mortality of sheep and goats, increased likelihood to grow fodder crops and increased investment in immovable property. Project impacts are expected to manifest over a period of several years and will be assessed in future survey rounds, the final of which is planned for 2017.
 - In Benin's rural communes, early impacts on cultivation have been found from the village-level land use plans that were part of the Access to Land Project. Demarcation activities led to significant increases in longer-term farm investments, including planting of trees and perennial crops.
- Water and sanitation projects in nine compacts which constructed 1,181 water points and trained 12,038 people in hygiene and sanitary best practices. Of those trained, nearly 6,000 were women. The first evaluation completed in this sector, for the Mozambique Rural Water Supply Activity, found that household access to improved water sources increased by 23.4% and the time spent collecting water significantly decreased as evidenced by the median roundtrip time to the primary water source falling by over an hour. An even greater impact occurred in the dry season, with a more than two hour decline in the median roundtrip time to a primary water source. While no impacts on health outcomes were found to be significant—due, in part, to household storage practices—this provides important learning for future MCC compacts.

Resources Requested and Budget Table

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	Estimated FY 2017 Financial Contribution (\$000s)	Narrative Explanation
Millennium Challenge Corporation	TBD	The President's FY 2017 Budget Request includes a request of \$1 billion for MCC. Almost \$800 million of this amount is for compact and threshold programs and, depending on the outcome of MCC's diagnostic constraints analysis process, a portion of that may be spent on food security-related projects and activities. The timing of the disbursement of this assistance to partner countries will depend on a number of factors, such as country capacity, Board approval, when the agreement is signed, and when it enters into force.
TOTAL	TBD	

MCC estimates it will disburse approximately \$129.5 million of prior year funding through the following projects and activities that will contribute to achieving outcomes and impacts that align with the Global Food Security Strategy Results Framework in FY 2017:

MCC's Global Food Security Strategy Results Framework Funding for FY2017

Program & Project	Amount
Indonesia: Community-Based Health and Nutrition Project	\$19,268,785
Indonesia: Green Prosperity Project	\$60,933,305
Zambia: Water Supply, Sanitation, and Drainage Project	\$41,076,219
Morocco: Land Productivity Project <ul style="list-style-type: none"> • Governance Activity • Rural Land Activity 	<ul style="list-style-type: none"> • \$460,826 • \$344,960
Niger: Irrigation and Market Access Project	\$3,153,480
Niger: Climate Resilient Communities Project	\$2,524,500
Sierra Leone: Water Sector Reform Project	<u>\$1,716,990</u>
Total	\$ 129,479,066

Endnotes

1. In addition to compacts, MCC funds smaller threshold programs to assist countries to become compact eligible by supporting their efforts to implement key policy and institutional reforms and thereby demonstrate their commitment to MCC's eligibility criteria for compacts. MCC has supported 26 threshold programs in 24 countries totaling \$583.6 million.